



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8
999 18TH STREET - SUITE 300
DENVER, CO 80202-2466
Phone 800-227-8917
<http://www.epa.gov/region08>

SEP 29 2006

Ref: 8ENF-AT

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Marc T. Eckels
Chief Operating Officer-Vice President
Wind River Resources Corporation
572 Park Avenue
PO Box 1540
Park City, UT 84060

Corporation Service Company
2180 South 1300 East; Suite 650
Salt Lake City, UT 84106

Re: Wind River Resources Corporation
Bill Barrett Corporation
North Hill Creek Compressor Station
Compliance Order
Docket No. CAA-08-2006- 0007

Dear Sirs:

Enclosed is a Compliance Order which is issued to both Wind River Resources Corporation and Bill Barrett Corporation pursuant to section 113(a)(3)(B) of the Clean Air Act ("CAA"), 42 U.S.C. §7413(a)(3)(B), as amended. The Compliance Order applies to Wind River Resources Corporation's and Bill Barrett Corporation's North Hill Creek Compressor Station, which is located on the Uintah and Ouray Indian Reservation, Uintah County, Utah.

The Environmental Protection Agency (EPA) alleges in this Compliance Order that Wind River Resources Corporation and Bill Barrett Corporation failed to comply with the requirements of the National Emission Standards for Hazardous Air Pollutants for Oil and Natural Gas Production and for Reciprocating Internal Combustion Engines, as set forth in section 112 of the CAA, 42 U.S.C. §7412 and 40 C.F.R. Part 63, Subparts HH and ZZZZ, the requirements of the



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Wind River Resources Corporation and Bill Barrett Corporation.

Page Two

Prevention of Significant Deterioration ("PSD") of Air Quality, as set forth in section 175 of the CAA, 42 U.S.C. §7475 and 40 C.F.R. §52.21, and Part 71 Title V fee requirements, as set forth in 40 C.F.R §71.9(h).

The Order requires that Wind River Resources Corporation and Bill Barrett Corporation immediately comply with all the requirements of 40 C.F.R. Part 63, Subparts A, HH and ZZZZ and 40 C.F.R. §71.9(h). It also requires that Wind River Resource Corporation and Bill Barrett Corporation comply with the preconstruction permitting requirements of PSD within 6 months from the date this Compliance Order was filed with and stamped by the Regional Hearing Clerk. In issuing this Compliance Order, EPA does not waive any of its rights, including seeking injunctive relief and/or civil penalties for any violations of the Compliance Order, the CAA or its implementing regulations.

If you have any questions concerning this Compliance Order, the most knowledgeable people on my staff are Carol A. Smith, Environmental Engineer, (for technical issues) who can be reached at (303) 312-7815, and Jim Eppers, Senior Enforcement Attorney, (for legal issues) who can be reached at (303) 312-6893.

Sincerely,



Carol Rushin
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Enclosure

cc: Kurt Reinecke
Vice President
Bill Barrett Corporation
1099 18th Street, Suite 2300
Denver, CO 80202

Maxine Natchees, Chairperson, Ute Indian Tribe
Elaine Willie, Ute Indian Tribe
R. Ed Kurip, Ute Indian Tribe, Air Quality
Richard Sprott, Utah Division of Air Quality



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572 Park Avenue
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Carol Rushin
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UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

2005 SEP 29 AM 10:20

IN THE MATTER OF:

Wind River Resources Corporation
572 Park Avenue
P.O. Box # 1540
Park City, Utah 84060

Bill Barrett Corporation
1099 18th Street, Suite 2300
Denver, CO 80202

Respondents

COMPLIANCE ORDER

Docket No. CAA-08-2006- 0007

STATUTORY AUTHORITY

This Compliance Order (referred to as the "Order") is issued by the United States Environmental Protection Agency ("EPA") Region 8 pursuant to section 113(a)(3)(B) of the Clean Air Act ("CAA"), for violations of section 112(d), section 175, and 40 C.F.R. §71.9(h). The authority to issue the Order has been properly delegated to the undersigned Assistant Regional Administrator, Office of Enforcement, Compliance, and Environmental Justice, EPA Region 8.

FINDINGS

1. At times relevant to this Order and currently, Respondent Wind River Resources Corporation has owned and/or operated the North Hill Creek Compressor Station, located southwest of Vernal, UT, within the boundaries of the Uintah and Ouray Indian Reservation.

The North Hill Creek Station compresses natural gas then dehydrates it prior to entry into a high pressure interstate transmission pipeline.

2. Respondent Wind River Resources Corporation, incorporated in and authorized to do business in the State of Utah, is a "person" as defined in section 7602(e) of the CAA, 42 U.S.C. §7602(e).
3. At times relevant to this Order, Respondent Bill Barrett Corporation also has owned and/or owns the North Hill Creek Compressor Station.
4. Respondent Bill Barrett Corporation, incorporated in the State of Delaware and authorized to do business in the State of Utah, is a "person" as defined in section 7602(e) of the CAA, 42 U.S.C. §7602(e).
5. In this Order, Wind River Resources Corporation and Bill Barrett Corporation will collectively be referred to as "Respondents".
6. Pursuant to the authority under section 112 of the CAA, 42 U.S.C. §7412, the Administrator promulgated regulations establishing the National Emission Standards for Hazardous Air Pollutants for Oil and Natural Gas Production and for Reciprocating Internal Combustion Engines. These "Maximum Achievable Control Technology ("MACT") regulations for are codified at 40 C.F.R. Part 63, Subpart HH, 40 C.F.R. Part 63, Subpart ZZZZ, and 40 C.F.R. Part 63, Subpart A of the General Provisions.
7. Pursuant to the authority under section 175 of the CAA, 42 U.S.C. §7475, the Administrator promulgated regulations establishing the Prevention of Significant Deterioration ("PSD") of Air Quality, Preconstruction Requirements. These PSD regulations are codified at 40 C.F.R. Part 52.21.

8. Pursuant to the authority under 40 C.F.R. §71.9(h), the Administrator promulgated regulations establishing the annual payment of emission fees.
9. Under 40 C.F.R. §63.6595(a)(2), the owner or operator of a new reciprocating internal combustion engine ("RICE") that started up the unit before August 16, 2004 is required to comply with the applicable emission limitations and operating limitations in this subpart no later than August 16, 2004. An EPA inspection conducted on May 11, 2006 verified that natural gas at the North Hill Creek Compressor Station is compressed by two 1680 horsepower Waukesha four stroke rich burn RICE that were installed in December of 2003. The RICE are affected units under Subpart ZZZZ, the National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines. Both RICE are equipped with non-selective catalytic reduction and an oxidation catalyst to reduce emissions. Based on estimates from the manufacturer/vender, air pollution will be reduced by 92% for nitrogen oxides, 82% for carbon monoxide and 50% for formaldehyde. Emission testing has yet to be completed and continuous parameter monitoring is not being conducted. Current control equipment is not expected to meet the MACT subpart ZZZZ formaldehyde emission standard of 76% reduction. Failure to comply with the applicable emission limitations and operating limitations in subpart ZZZZ by August 16, 2004 is a violation of 40 C.F.R. 63.6595(a)(2).
10. Under 40 C.F.R. §63.6600(a), the owner or operator of a new four stroke rich burn stationary RICE located at a major source of hazardous air pollutant ("HAP") emissions must comply with the emission limitations in Table 1a and the operating limitations in Table 1b of this subpart. Table 1a requires that formaldehyde emissions be reduced by at least

76%. Table 1b requires that the pressure drop across the catalyst not change by more than 2 inches of water at 100% load and the temperature of the catalyst inlet be maintained between 750 and 1250 degrees F. Respondent Wind River Resources Corporation submitted to EPA on February 10, 2005, a Part 71 Title V permit application which among other things states that the current emission controls on the two RICE will be revamped to further reduce formaldehyde emissions to achieve a reduction of 76% or more per the RICE MACT standard and that this will be completed by February 12, 2006. An interview with Marc Eckels of Wind River Resources Corporation during the May 11, 2006 EPA inspection revealed that this upgrade had not yet occurred. The EPA inspector observed that pressure drop across the catalyst was not being monitored. In addition, while both RICE had instrumentation to measure temperature at the catalyst inlet, and temperatures within the required range, continuous monitoring of this parameter was not occurring. Failure to reduce formaldehyde by 76% or more and continuously monitor the pressure drop and temperature of the catalyst is a violation of 40 C.F.R. §63.6600(a).

11. Under 40 C.F.R. §63.6610(a), the owner or operator of an affected RICE must conduct initial performance testing by February 16, 2005. As of the May 11, 2006 EPA inspection, testing has not been conducted. Failure to conduct performance testing by February 16, 2005 for the two affected RICE at North Hill Creek Compressor Station is a violation of 40 C.F.R. §63.6610(a).
12. Under 40 C.F.R. §63.6615, the owner or operator of an affected RICE must conduct subsequent performance tests as specified in Table 3 of this subpart. The subsequent semi-annual tests for North Hill Creek Compressor Station were due on August 16, 2005,

February 16, 2006 and August 16, 2006. These subsequent semi-annual tests were not conducted and are violations of 40 C.F.R. §63.6615.

13. Under 40 C.F.R. §63.6625(b), the owner or operator of an affected RICE must install, operate, and maintain a continuous parameter monitoring system ("CPMS") as specified in Table 5 of this subpart according to the requirements in 40 C.F.R. §63.8. Based on observations from the May 11, 2006 EPA inspection, a CPMS for temperature at the catalyst inlet had not been installed, operated, or maintained. Failure to install a continuous parameter monitoring system is a violation of 40 C.F.R. §63.6625(b).
14. Under 40 C.F.R. §63.6630(c), the owner or operator of an affected RICE must submit the Notification of Compliance Status containing the results of the initial compliance demonstration as required by 40 C.F.R. §63.6645. A Notification of Compliance Status has not been submitted to EPA. Failure to submit a Notification of Compliance Status is a violation of 40 C.F.R. §63.6630(c).
15. Under 40 C.F.R. §63.6640(a), the owner or operator of an affected RICE must demonstrate continuous compliance with each emission limitation and operating limitation in Tables 1a, 1b, Table 2a and Table 2b of this subpart that apply according to the methods specified in Table 6 of the subpart. Continuous compliance with the temperature and pressure drop operating limitations has not been demonstrated. Failure to demonstrate continuous compliance is a violation of 40 C.F.R. §63.6640(a).
16. Under 40 C.F.R. §63.10(a) and §63.774(b), the owner or operator of an affected glycol dehydrator that is subject to Subpart HH, the National Emission Standards for Hazardous Air Pollutants For Oil and Natural Gas Production must maintain files of all

information (including all reports and notifications) required by this part recorded in a form suitable and readily available for expeditious inspection and review. The files shall be retained for at least 5 years following the date of each occurrence, measurement, maintenance, corrective action, report, or record. At a minimum, the most recent 2 years of data shall be retained on site. It was discovered at the May 11, 2006 EPA inspection that Respondents records were not retained on site at North Hill Compressor Station. Failure to keep such records is a violation of 40 C.F.R. §63.10(a) and §63.774(b).

17. Under 40 C.F.R. §63.6(e)(3) and §63.762(d), the owner or operator of an affected glycol dehydrator must develop and implement a written startup, shutdown, and malfunction plan that describes, in detail, procedures for operating and maintaining the source during periods of startup, shutdown, and malfunction and a program of corrective action for malfunctioning process and air pollution control and monitoring equipment used to comply with the relevant standard. The plan must have been developed by the Respondents by February 12, 2004. During the May 11, 2006 EPA inspection, it was discovered that North Hill Creek Compressor Station did not have a written startup, shutdown, and malfunction plan. Failure to develop and implement a written startup, shutdown, and malfunction plan is a violation of 40 C.F.R. §63.6(e)(3) and §63.762(d).

18. Under 40 C.F.R. §63.771(d)(ii), the owner or operator of an affected glycol dehydrator must operate a vapor recovery device (e.g., condenser) or other control device that is designed and operated to reduce the mass content of either total organic compounds or total HAP in the gases vented to the device by 95 percent by weight or greater as determined in accordance with the requirements of 40 C.F.R. §63.772(e). The Part 71 Title

V permit application for North Hill Compressor Station estimates 95% removal of HAP by using the combination of a condenser and a combustor. The May 11, 2006 EPA inspection revealed that the combustor had not been installed. The existing condenser alone could not achieve 95% control. In addition, a valve in the piping leading to the condenser was observed by the EPA inspector to be leaking visible vapors, indicating reduced control efficiency. Failure to reduce total HAP emissions by at least 95% is a violation of 40 C.F.R. §63.771(d)(ii).

19. Under 40 C.F.R. §63.772(g), the owner or operator of an affected glycol dehydrator must demonstrate compliance using the procedures in paragraphs (g)(1) through (3) of this section. A compliance demonstration for North Hill Creek Compressor Station using daily average condenser outlet temperature to calculate condenser efficiency has not been completed. Failure to demonstrate continuing compliance using daily average condenser outlet temperature is a violation of 40 C.F.R. §63.772(g).
20. Under 40 C.F.R. §63.773(d), the owner or operator of an affected glycol dehydrator must install and operate a continuous parameter monitoring system in accordance with the requirements of paragraphs (d)(3) through (9) of this section. The continuous monitoring system shall be designed and operated so that a determination can be made on whether the control device is achieving the applicable performance requirements of §63.771(d) or (e)(3). Based on the May 11, 2006 EPA inspection, condenser temperature was not being continuously monitored by the Respondents, therefore, condenser performance could not be determined. Failure to install and operate a continuous parameter monitoring system to determine control device performance is a violation of 40 C.F.R. §63.773(d).

21. Under 40 C.F.R. §63.775(d), the owner or operator of an affected glycol dehydrator must submit a Notification of Compliance Status Report as required by §63.9(h) by August of 2004. Respondents have not submitted a Notification of Compliance Status Report. Failure to submit a Notice of Compliance Status Report is a violation of 40 C.F.R. §63.775(d).
22. Under 40 C.F.R. §63.775(e), the owner or operator of an affected glycol dehydrator must prepare periodic reports in accordance with paragraphs (e)(1) and (2) of this section and submit them to the Administrator. No periodic reports have been submitted for North Hill Compressor Station. The initial report was due in April of 2005, or 240 days after the Notice of Compliance Status report was due. Failure to submit period compliance reports is a violation of 40 C.F.R. §63.775(e).
23. Under 40 C.F.R. §52.21, the owner or operator of a facility that meets the definition of a major source under the PSD Regulations is required to apply for a PSD Permit prior to constructing the facility. Based on emission factors found in the Part 71 Title V permit application, the two reciprocating internal combustion engines at North Hill Creek Compressor Station have a potential to emit of 426 tons per year of NO_x, meeting the definition of a major source under the PSD program. Respondents have not applied for a PSD pre-construction permit. Failure to apply for a PSD permit is a violation of 40 C.F.R. §52.21.
24. Under 40 C.F.R. §71.9(h), the owner or operator of a major source must submit an annual report of its actual emissions for the preceding calendar year, a fee calculation and work sheet, and full payment of the annual fee each year. This annual report and payment

of Part 71 Title V fees for 2006 have not been received by EPA and are past due. Failure to submit an annual report and pay fees in full is a violation of 40 C.F.R. §71.9(h).

COMPLIANCE ORDER

Paragraphs 1 - 24 are herein incorporated by reference. Pursuant to §113(a)(3)(B) of the CAA, 42 U.S.C. §7413(a)(3)(B), and upon the basis of available information, EPA hereby issues the following order:

25. Effective immediately, Respondents shall comply with all the requirements of National Emissions Standards for Hazardous Air Pollutants, 40 C.F.R. Part 63, Subparts A, HH, and ZZZZ.
26. As expeditiously as practicable, but in no event longer than six months from the date of this Order, Respondents shall submit to EPA Region 8 a complete application for a Prevention of Significant Deterioration of Air Quality Permit, as defined in 40 C.F.R. §52.21.
27. Effective immediately, Respondents shall comply with all the requirements of 40 C.F.R §71.9(h) to submit an annual emission report and full payment of the annual fee for 2006.

ENFORCEMENT

28. Issuance of this Order does not preclude any other action by EPA to redress past or future violations of the CAA, including either of the following:

- a. An administrative penalty complaint pursuant to section 113(d) of the CAA, 42 U.S.C. §7413(d), for penalties of not more than \$27,500 per day for each violation occurring prior to March 15, 2004, and \$32,500 per day for each violation occurring on or after March 16, 2004; or
- b. A civil action pursuant to section 113(b) of the CAA, 42 U.S.C. §7413(b), for injunctive relief or civil penalties of not more than \$27,500 per day for each violation occurring from January 31, 1997 through March 15, 2004, and \$32,500 per day for each violation occurring on or after March 15, 2004, or both.

29. Pursuant to section 120 of the CAA, 42 U.S.C. §7420, EPA is also authorized to assess noncompliance penalties aimed at recovering the economic benefit which any person received by not complying with the CAA.

30. In addition, pursuant to section 306(a) of the CAA, 42 U.S.C. §7606(a), the regulations promulgated thereunder at 40 C.F.R. Part 15, and Executive Order 11738, facilities to be utilized in federal contracts, grants, or loans must be in full compliance with the CAA and all regulations promulgated thereunder. Violation of the CAA may result in the facility being declared ineligible for participation in any federal contract, grant, or loan.

31. Pursuant to section 113(a)(3) of the CAA, 42 U.S.C. §7413(a)(3), Respondents' failure to comply with this Order may lead to a civil action to obtain compliance or an action for civil or criminal penalties.

OPPORTUNITY FOR CONFERENCE

32. In accordance with §113(a)(4) of the CAA, 42 U.S.C. §7413(a)(4), EPA is offering the Respondents an opportunity for a conference to discuss the Order. The request for such a conference must be made no later than thirty (30) calendar days from the date of receipt of this Order. If you wish to make arrangements for a conference, please contact Jim Eppers, Senior Enforcement Attorney, U.S. EPA 8, 999 18th Street, Suite 300, Denver, CO 80202-2466. Mr. Eppers' telephone number is (303) 312-6893. By offering the opportunity for a conference or participating in one, EPA does not waive or limit its right to any remedy available under the CAA.

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

Date:

9/28/06

By:

Carol Rushin

CAROL RUSHIN
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the original and one copy of the attached COMPLIANCE ORDER was hand-carried to the Regional Hearing Clerk, EPA Region 8, 999 18th Street, Denver, Colorado, and that a true copy of the same was sent via registered mail to:

Marc T. Eckels
Chief Operating Officer – Vice President
Wind River Resources Corporation
572 Park Avenue
P.O. Box 1540
Park City, UT 84060

and

Corporation Service Company
2180 South 1300 East, Suite 650
Salt Lake City, UT 84106

and

via U.S. Mail first class to:

Kurt Reinecke
Vice President
Bill Barrett Corporation
1099 18th Street, Suite 2300
Denver, CO 80202

Date: _____

By: _____

Andrea Reed